DRAFT – For Discussion Only
City of St. John's Corporate and Operational Policy Manual

Procedure Title: Materials Management Procedures	
Authorizing Policy: 04-06-02 Materials Management Policy	
Procedure #: 04-06-02-01 Materials Management Procedures	
Last Revision Date: N/A	**Procedure Sponsor:** Supply Chain Manager

Note: This document incorporates both the policy and the procedures.

1.   Procedure Statement

The purpose of the policy and procedures is to provide direction for the effective and efficient management and operation of the Stockroom and City salt, sand, gas and diesel fuel inventory locations.

2.   Definitions

"Department Head" means all Deputy City Managers (DCMs) and the City Manager or their designate.

"Employee" means any person employed by the City of St. John's as a permanent, term, part-time, casual, contract, seasonal, temporary, or student worker.

"Inventory Items" means items regularly stocked as inventory and given an inventory identifier by the Stockroom.

"Non-inventory Items" means items that are not stocked as inventory and not given an inventory identifier by the Stockroom.

"Stockroom" means the internal inventory storage area at the City Depot, Blackler Avenue, St. John's.

ST. J@HN'S

3.   Procedure Requirements

Employees shall follow the procedures detailed below.

3.1   Receiving All Items

When all items are received at the Stockroom, Stockroom Employees shall:
a) inspect the shipment to the best of their ability before accepting it to ensure that the quantity, quality, and condition are correct;
b) match the packing slip with the appropriate purchase order using the handheld scanner;
c) determine whether the shipment contains Inventory Items or Non-inventory Items; and
d) for Inventory Items, see section 3.1.1; and for Non-inventory Items, see section 3.1.2.

3.1.1. Receiving Inventory Items
For Inventory Items, Stockroom Employees shall:
a) receive Inventory Items using a handheld scanner ensuring vendor item numbers and quantities on the purchase order match the shipment;
b) date the packing slip/invoice, print the full name of the receiver and sign the packing slip/invoice, and send information to the Purchasing Administration Clerk for electronic filing;
c) label each Inventory Item with the appropriate bar code label (printed during the receiving process); and
d) use the 'put away' feature on the handheld scanners to scan each Inventory Item and then put it in its correct physical location.

3.1.2 Receiving Non-inventory Items
For Non-inventory Items, Stockroom Employees shall:
a) determine whether the Non-inventory Items belong to the Fleet Division (see (b) below) or another department/division (see (c) below);
b) for Non-inventory Items for the Fleet Division only:
    i.   receive the Non-inventory Items using Microsoft Dynamics GP, print a receiving report, and attach the packing slip/invoice to the receiving report;
    ii. provide a copy of the receiving report to the appropriate Fleet Foreperson;

ST. JOHN'S

iii. place the Non-inventory Items on the Fleet special order shelves with the packing slip/invoice and receiving report attached;

iv. ensure that when the Fleet Employee collects the Non-inventory Items, they sign the receiving report; and

v. send the receiving report and packing slip/invoice to the Purchasing Administration Clerk for electronic filing.

c) for Non-inventory Items for all other departments/divisions:

i. determine who the requisitioner is using a Smartlist in Microsoft Dynamics GP;

ii. contact the requisitioner to advise that their Non-inventory Items have arrived; and

iii. advise the requisitioner that they are responsible for receiving their own items in Paramount Workplace.

3.2 Issuing Inventory Items

a) Stockroom Employees shall only issue Inventory Items requested by departments via electronic picklists (see section 3.2.1 below) or manual picklists (see section 3.2.2 below).

b) All Inventory Items shall only be issued by Stockroom Employees, who shall ensure that the picklist has two different signatures from the requesting department, as well as the budget number to which the Inventory Items are to be charged.

3.2.1 Electronic Picklists

a) The information required for the picklist shall be entered and saved by the requesting department using Microsoft Dynamics GP.

b) Stockroom Employees shall check regularly during their shift for new picklists. When picklists are received, Stockroom Employees shall pick the Inventory Items as directed by the picklist.

c) When departmental Employees arrive at the Stockroom to collect their Inventory Items, they shall provide Stockroom Employees with a paper copy of the electronic picklist.

d) Stockroom Employees shall:

i. ensure that the departmental Employee signs for the Inventory Items received;

ii. invoice the Inventory Items using Microsoft Dynamics GP; and

iii. ensure the signed picklist is sent for electronic filing by the Purchasing Administration Clerk.

ST. JOHN'S

3.2.2 Manual Picklists

a) Departmental Employees requesting Inventory Items shall complete a pre-printed, numbered Manual Picklist (provided by Supply Chain) in advance, with the signatures of the person approving the request for the Inventory Items and the person to whom the Inventory Items will be issued.

b) Departmental Employees shall provide Stockroom Employees with the completed picklist upon arrival at the Stockroom.

c) Stockroom Employees shall pick the Inventory Items requested using the handheld scanners.

e) After issuing the Inventory Items to the departmental Employee, the Stockroom Employee shall:

   i. process the picklist using the scanner;
   ii. ensure the Stock Issue Report prints after processing the picklist; and
   iv. sign the Stock Issue Report and send it with the manual picklist for electronic filing by the Purchasing Administration Clerk.

3.2.3 Emergency Issuing of Inventory Items

a) When the requirement for a picklist may cause an interruption of essential services, create safety concerns, or increased damage to property, Inventory Items may be issued using the emergency log form that records the date, the item number, the Inventory Items description, the quantity, the issuing Employee, and the Employee to whom the Inventory Items are issued.

b) When the emergency log is used, it shall be the responsibility of the issuing Stockroom Employee to ensure a manual or electronic picklist is submitted by the department requesting the Inventory Items and using the picklist number. This picklist shall be required by the end of that Stockroom Employee's next shift.

c) Any Inventory Item issued on the emergency log that does not have a picklist processed by the end of the Stockroom Employee's next shift shall be reported to the Materials Supervisor, who shall follow up.

3.3   Procurement of Inventory Items

Inventory Items shall be procured in accordance with applicable legislation and as detailed in Sections 3.3.1 and 3.3.2. Where there is a conflict between the legislation and these procedures, the legislation shall govern.

ST. JOHN'S

3.3.1 New Inventory Items to be Added to Inventory
a) All new items to be stocked as Inventory Items shall be requested by an authorized departmental Employee, via a new stock authorization form, and the form shall be submitted to the Materials Supervisor.
b) The Materials Supervisor shall review the form, giving consideration to the Inventory Items proposed and suggested stocking levels, and shall, if approved, sign it. Unapproved forms shall be returned to the user department with explanation.
c) The Materials Supervisor shall forward approved forms to the Senior Parts Clerk.
d) The Senior Parts Clerk shall check for duplicate Inventory Items upon receipt of the form. If there are no duplicate Inventory Items, the Senior Parts Clerk shall assign an item number to the new Inventory Items and set them up in Microsoft Dynamics GP. The Senior Parts Clerk shall also assign bin locations for when the Inventory Items arrive.

3.3.2 Reordering Inventory Items
a) The Buyer responsible for procuring Inventory Items shall create a reorder report within Microsoft Dynamics GP as required. The Buyer shall order any Inventory Items listed on the report in the quantities required to reach the maximum inventory level for each Inventory Item.
b) Where an Inventory Item is identified as being below the minimum inventory level and is required immediately, the Materials Supervisor shall ensure that appropriate financial authority is obtained and shall notify the Buyer via email authorizing an order.
c) Stockroom Employees shall alert the Materials Supervisor when, in their opinion, the Inventory Items in their area of responsibility need replenishing (e.g., rapid movement on certain items where the minimum/maximum levels may need adjustment).The Materials Supervisor shall review any of the requests for Inventory Items brought to their attention and decide on a course of action. Consideration shall be given to usage, seasonality, availability, lead time, and any other factors deemed relevant by the Materials Supervisor.

ST. JOHN'S

3.4 Changes to Minimum or Maximum Inventory Item Levels

a) Authorized departmental Employees may request changes to the minimum or maximum levels for Inventory Items by contacting the Materials Supervisor in writing.
b) The Materials Supervisor shall review the request and make any required changes, in the sole opinion of the Materials Supervisor, in Microsoft Dynamics GP and notify the requesting department.
c) Authorized departmental Employees shall notify the Materials Supervisor when equipment will become obsolete or be retired from service within one year. The Materials Supervisor may then adjust inventory levels of any associated Inventory Items.

3.5 Annual Count and Audit of Inventory Items

a) An annual inventory count of all Inventory Items in the Stockroom shall be completed as detailed below.
b) The Materials Supervisor shall notify the Supply Chain Manager and Manager, Financial Services, at least two weeks in advance of the annual inventory count.
c) The Manager, Financial Services shall notify the City's external auditors at least two weeks in advance of the annual inventory count.
d) Notwithstanding the foregoing, spot checks of Inventory Items may be made without notice.
e) A starting Inventory Item value shall be recorded by the Materials Supervisor using a Smartlist in Microsoft Dynamics GP.
f) An Inventory Item count shall be created by the Materials Supervisor using Collect for GP.
g) Supply Chain Employees assigned to counting duties ("Counters") shall complete a physical count as directed by the Materials Supervisor.
h) The Materials Supervisor shall then run a Smartlist in Microsoft Dynamics GP to compare counted quantity versus expected quantity.
i) Any variance of $50 or more for an Inventory Item shall be trigger a recount for that Inventory Item.
j) For variances in (i), the Materials Supervisor shall remove the original scans for affected Inventory Item to allow them to be recounted and shall create recount sheets for any affected Inventory Items.

ST. JOHN'S

k) Counters shall recount Inventory Items identified by the Materials Supervisor using the handheld scanners.

l) When deemed necessary by the Materials Supervisor a third count may be performed, repeating steps (j) and (k).

m) Once all counting has been completed to the satisfaction of the Materials Supervisor, they shall process the count in Collect for GP and then post the variance in Microsoft Dynamics GP.

n) The ending Inventory Item values shall be captured by the Materials Supervisor using a Smartlist in Microsoft Dynamics GP.

o) The Inventory Item results shall be reviewed by the Supply Chain Manager, with a variance report signed by the Materials Supervisor and Supply Chain Manager, which shall be forwarded to the DCM, Finance and Administration.

p) Notwithstanding the foregoing, inventory adjustment variances shall be reviewed and approved by the Supply Chain Manager at least quarterly.

3.6 Gas and Diesel Fuel Measurement and Monitoring

a) Fuel pump meter readings for gas and diesel from underground tanks with electronic monitoring (e.g., the Robin Hood Bay Regional Waste Management Facility and the City Depot) shall be obtained daily by the Senior Parts Clerk. For the Robin Hood Bay Regional Waste Management Facility, readings shall be provided to the Senior Parts Clerk by the onsite Fleet Mechanic.

   i. The meter reading and the fuel level from the electronic monitoring system shall be entered into a spreadsheet.

   ii. The Senior Parts Clerk shall compare actual fuel levels to expected fuel levels to determine any variance.

   iii. Underground tanks with electronic monitoring shall be dipped once weekly to manually measure the fuel.

b) Aboveground tanks (e.g., Goulds Depot) shall be dipped once weekly and meter readings shall be sent by the authorized Employee to the Senior Parts Clerk.

c) The Senior Parts Clerk shall reconcile the Microsoft Dynamics GP inventory to match actual dip levels and shall complete the Weekly Fuel Worksheet for all gas and diesel fuel tanks.

d) The Materials Supervisor shall review and approve the Weekly Fuel Worksheet.

ST. JOHN'S

e) The Senior Parts Clerk shall notify the Materials Supervisor when there are consecutive variances greater than the allowable tolerances as per Section 18 of the [Storage and Handling of Gasoline and Associated Products Regulations, 2003](#) under the Environmental Protection Act and the Materials Supervisor shall advise the Supply Chain Manager.

3.6.1 Monthly Gas and Diesel Fuel Reports

a) At the end of each month, the Materials Supervisor shall run a report in the Computrol software program detailing all gas and diesel fuel issued from all fuel sites for the month. The Materials Supervisor shall send this report via email to the appropriate Financial Accountant in the Department of Finance and Administration for processing.

b) At the end of each month the Materials Supervisor shall run a report in the Computrol software program detailing all gas and diesel fuel charged to the miscellaneous or rental account numbers. The Materials Supervisor shall send this report via email to the Deputy City Manager of any department that has had such fuel charged to that department's miscellaneous or rental accounts during the month.

3.7   Salt and Sand Inventory

3.7.1 Salt and Sand Issuing and Returns

a) All salt and sand issued to departments shall be weighed and recorded by the Salt Shed Loader Operator using the scales installed in the salt shed loaders.

b) Salt and sand issuances shall be downloaded daily by the Materials Supervisor and salt and sand issued shall be charged to the appropriate department.

c) Salt and sand returned to the shed shall be weighed before being dumped into the salt shed and the weight slip shall be forwarded to the Materials Supervisor to be processed.

3.7.2 Salt and Sand Surveys

a) Salt and sand shed quantities shall be surveyed by the Department of Planning, Engineering and Regulatory Services (PERS) at least twice annually (pre-winter and post-winter), as directed by the Materials Supervisor. Inventory quantities shall be credited or debited to the Roads Division to match the survey.

ST. JOHN'S

3.7.3 Salt and Sand Delivery to the City
a) **Salt and Sand Delivery Arrangement and Notification**
   i. The salt and sand inventory levels shall be monitored by the Material Supervisor and deliveries shall be arranged as needed.
   ii. Once a delivery has been scheduled, the Materials Supervisor shall send notification via email to the appropriate Public Works and PERS Employees.
   iii. All trucks delivering salt and sand to the salt shed shall be weighed by the gatehouse attendant as the trucks enter the Depot yard.
   iv. The salt and/or sand weight shall be recorded by the gatehouse attendant using the scales weight slip printer and shall be compared by the Materials Supervisor to the weight on the supplier invoice.
b) **Salt and/or Sand Delivery Sample Procedure**
   i. All salt and sand deliveries shall be sampled by the appropriate PERS Employees and a sieve test and moisture level test shall be performed.
   ii. Any salt and/or sand that does not meet the City's specifications shall be subject to remedies as identified in the applicable procurement contract.

3.8 Review of Surplus Inventory Items

a) The Materials Supervisor shall, at least annually, review Inventory Items to determine whether there are surplus Inventory Items. Additional reviews made be undertaken at the discretion of the Materials Supervisor.
b) To ensure that the appropriate Inventory Items are identified for deletion from inventory listings, the requesting department (where known) shall review the list confirmed by the Senior Parts Clerk and return the list to the Materials Supervisor via email or in paper form with the authorized departmental Employee's signature.
c) In order to ensure that the appropriate Inventory Items are deleted from the inventory system, the Materials Supervisor shall key the list of Inventory Items in Microsoft Dynamics GP and the Supply Chain Manager shall review and approve the list.
d) Surplus Inventory Items shall be disposed of in accordance with the **Procurement Policy** and any applicable legislation.

ST. JOHN'S

3.9   Stockroom Access and Security

a) The Stockroom shall be secure at all times, with only Stockroom Employees, Materials Supervisor, Supply Chain Manager, Garage Buyer, and Inventory Buyer having access. All other Employees and individuals shall be escorted.
b) External delivery providers shall follow the direction of Stockroom Employees.

4.   Application

The policy and procedures apply to (i) all Employees involved in the materials management process, including those who request that items be stocked as Inventory Items and/or request Inventory Items, (ii) the Stockroom and City salt, sand, gas and diesel fuel inventory locations; and (iii) all items received at the Stockroom and City salt, sand, gas and diesel fuel inventory locations.

The policy and procedures do not apply to the St. John's Transportation Commission (Metrobus).

5.   Responsibilities

5.1   **The Supply Chain Division** is responsible for:

a) implementing the policy and procedures;
b) communicating the policy and procedures to appropriate Employees;
c) supporting departments with their inventory requirements, as required, with final inventory decisions at the discretion of Supply Chain; and
d) monitoring compliance with the policy and procedures.

5.2   **The Department of Planning, Engineering and Regulatory Services** is responsible for:

a) activities as outlined in Section 3.7 of the procedures.

ST. JOHN'S

5.3 Employees are responsible for:

a) complying with the policy and procedures.

5.4 Managers with procurement responsibility are responsible for, in addition to the duties in section 5.3:

a) ensuring items are obtained from the Stockroom and City salt, sand, and gas and diesel fuel inventory locations, if applicable; and
b) ensuring appropriate approvals are obtained prior to proceeding to Supply Chain.

5.5 Department Heads are responsible for, in addition to the duties in sections 5.3 and 5.4:

a) ensuring the policy and procedures are communicated to all applicable Employees in their respective departments.

6. References

04-06-02 Materials Management Policy
04-06-01 Procurement Policy
Storage and Handling of Gasoline and Associated Products Regulations, 2003

7. Approval

- Policy Sponsor: Deputy City Manager, Finance and Administration
- Procedure Sponsor: Supply Chain Manager
- Policy and Procedure Writers: Materials Supervisor / Policy Analyst
- Date of Approval from:
  - Corporate Policy Committee: April 3, 2020
  - Senior Executive Committee:

ST. JOHN'S

8. Monitoring and Contravention

The Supply Chain Division shall monitor the application of the policy and procedures.

Any contravention of the policy and/or procedures shall be reported to the Department of Finance and Administration, Department of Human Resources, the Office of the City Solicitor, and/or the City Manager for further investigation and appropriate action, which may include, but is not limited to legal action and discipline, up to and including dismissal.

9. Review Date

Policy Initial Review: 3 years
Procedures Initial Review: 1 year and then 3 years, along with the policy
Subsequent Reviews: 5 years

ST. JOHN'S